

Message Text

UNCLASSIFIED

PAGE 01 LIMA 10855 011620Z

43

ACTION ARA-10

INFO OCT-01 AF-08 EA-09 ISO-00 AID-05 CIAE-00 COME-00

EB-07 FRB-01 INR-07 NSAE-00 USIA-15 TRSE-00 XMB-04

OPIC-06 SP-02 CIEP-02 LAB-04 SIL-01 OMB-01 INT-05

GSA-02 DODE-00 PM-04 H-02 L-03 NSC-05 PA-02 PRS-01

SS-15 /122 W

----- 067095

R 011422Z DEC 76

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 2841

INFO AMEMBASSY SANTIAGO

AMEMBASSY KINSHASA

AMEMBASSY JAKARTA

AMEMBASSY LUSAKA

UNCLAS LIMA 10855

EO 11652: N/A

TAGS: EMIN, EINV, PE

SUBJ: PERU INAUGURATES MAJOR NEW COPPER MINE - CUAJONE

SUMMARY: THE SOUTHERN PERU COPPER CORPORATION (SPCC)

NOVEMBER 25 INAUGURATED ITS CUAJONE COPPER MINE, REPORTEDLY ONE OF THE LARGEST IN THE WORLD. THE INAUGURAL CEREMONY, ATTENDED BY A LARGE NUMBER OF HIGH-RANKING GUESTS, WAS HIGHLIGHTED BY A SHORT SPONTANEOUS SPEECH BY PRESIDENT MORALES, WHO MADE FAVORABLE REMARKS ABOUT THE ROLE OF PRIVATE FOREIGN INVESTMENT IN PROJECTS LIKE CUAJONE. EDITORIAL COMMENT IN PERUVIAN NEWSPAPERS FOLLOWED THE PRESIDENT'S LEAD IN PRAISING SPCC AND INDICATING A MORE RECEPTIVE ATTITUDE IN PERU TOWARD FOREIGN INVESTMENT. END SUMMARY.

2. FOLLOWING MONTHS OF GROWING EXPECTATION IN PART GENERATED BY HIGHLY FAVORABLE PRESS BUILD-UP, THE SOUTHERN PERU COPPER
UNCLASSIFIED

UNCLASSIFIED

PAGE 02 LIMA 10855 011620Z

CORPORATION ON NOVEMBER 25 OFFICIALLY OPENED ITS LARGE NEW COPPER

MINE, CUAJONE, LOCATED NEAR THE SOUTHERN PERUVIAN CITY OF MOQUE-GUA. THE NEW MINE, REPORTEDLY ONE OF THE LARGEST OPEN PIT MINES IN THE WORLD, IS EXPECTED TO PRODUCE APPROXIMATELY 154,000 METRIC TONS OF COPPER PER YEAR, AN INCREASE OF ROUGHLY 60 PER CENT IN PERU'S COPPER PRODUCTION. AT CURRENT PRICES THE INCREASED PRODUCTION WILL ADD ABOUT \$200,000,000 TO PERU'S ANNUAL FOREIGN EXCHANGE EARNINGS. (LIMITED PRODUCTION AT THE MINE BEGAN IN AUGUST. FOR FUTURE TAX PURPOSES, HOWEVER, THE GOP HAS SET THE OFFICIAL DATE FOR THE START OF PRODUCTION AS OCT. 22, BASED ON A FORMULA SPELLED OUT IN THE 1969 SPCC/GOP CUAJONE CONTRACT.)

3. THE PRINCIPAL SPEAKER AT THE INAUGURATION CEREMONY WAS PERUVIAN PRESIDENT MORALES BERMUDEZ WHO, IN A SPONTANEOUS AND EMOTIONAL SPEECH, LAUDED THE COMBINED EFFORTS OF PERUVIAN WORKERS AND FOREIGN INVESTORS IN DEVELOPING THE PROJECT. THE PRESIDENT WENT OUT OF HIS WAY TO PRAISE THE ROLE OF FOREIGN INVESTMENT. HE CRITICIZED THOSE WHO, HE CLAIMED, HAD DENIGRATED THE USE OF FOREIGN CAPITAL, CLASSIFYING SUCH COMMENTS AS DEMOGOGUERY AND CHAUVINISM AND EMPHASIZED THAT CUAJONE WAS PROOF OF THE BENEFITS FOREIGN INVESTMENT COULD BRING TO THE COUNTRY. HE SAID THAT FAR FROM COMPROMISING PERU'S SOVEREIGNTY, SUCH ACTIVITIES MAKE PERU FREER AND MORE SOVEREIGN.

4. LOCAL PRESS COMMENTARY AND COVERAGE FOLLOWING THE INAUGURATION HAS BEEN UNIFORMLY FAVORABLE TO SPCC AND LAUDATORY TOWARD FOREIGN INVESTMENT IN GENERAL. LOCAL PRESS HAS ALSO GIVEN PROMINENT ATTENTION TO REMARKS MADE BY AMBASSADOR DEAN BEFORE AND DURING INAUGURATION IN WHICH HE POINTED OUT IMPORTANT ROLE FOREIGN INVESTMENT CAN PLAY IN COUNTRY'S DEVELOPMENT.

5. IN AN ADDITIONAL MANIFESTATION OF THE GOP'S PUBLIC GRATITUDE FOR SPCC'S INVESTMENT IN THE COUNTRY AND THE EXCELLENT RELATIONS THAT EXIST BETWEEN THE COMPANY AND THE GOVERNMENT, MINING MINISTER LA TORRE DI TOLLA DECORATED SPCC PRESIDENT FRANK ARCHIBALD AND CUAJONE MINE MANAGER VICTOR BARUA FOR THEIR CONTRIBUTIONS TO PERU VIA THEIR PARTICIPATION IN THE CUAJONE PROJECT. AT THE SAME CEREMONY A SPECIALLY SELECTED WHITE COLLAR REPRESENTATIVE OF THE COMPANY AND ONE OF THE COMPANY'S OUTSTANDING LABORERS WERE ALSO DECORATED TO DEMONSTRATE THE IMPORTANT ROLE PLAYED IN THE PROJECT BY PERUVIAN WORKERS GENERALLY.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 LIMA 10855 011620Z

6. COMMENT: WHILE PRESIDENT HAS MADE SIMILAR STATEMENTS ON FOREIGN INVESTMENT IN RECENT MONTHS, THE OBVIOUS SINCERITY WITH WHICH HE MADE REMARKS AT CUAJONE INAUGURATION LEND CREDENCE TO HIS DESIRE TO BRING INVESTORS BACK TO PERU. NOT SO LONG AGO IT WAS FEARED THAT SPCC MIGHT BECOME PRIME TARGET OF GOP'S THEN ACTIVE NATIONALIZATION POLICY; THE GOP TREATMENT OF CUAJONE INAUGURATION INDICATES THAT GOP NOW EXPECTS MINE TO OPERATE AS FOREIGN ENTERPRISE

FOR AN EXTENDED PERIOD, ALBEIT UNDER CONDITIONS FAVORABLE TO PERU. MINISTER LA TORRE HAS INDICATED THAT CONVERSATIONS HAVE BEGUN BETWEEN SPCC AND MINERO-PERU LOOKING TOWARD FUTURE EXPLORATION/ EXPLOITATION (TOGETHER WITH PERUVIAN AND OTHER FOREIGN PRIVATE INVESTORS) OF QUELLAVECO COPPER SITE, AN AREA LOCATED BETWEEN SPCC'S TOQUEPALA AND CUAJONE MINES PREVIOUSLY RESERVED TO MINERO-PERU FOR ITS EXCLUSIVE DEVELOPMENT. IF TRUE, THIS WOULD BE ADDITIONAL INDICATION THAT GOP IS TAKING MORE POSITIVE STAND RESPECTING FOREIGN PRIVATE PARTICIPATION IN DEVELOPMENT OF COUNTRY'S NATURAL RESOURCES.

DEAN

UNCLASSIFIED

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: COPPER, MINING, FOREIGN INVESTMENT
Control Number: n/a
Copy: SINGLE
Draft Date: 01 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976LIMA10855
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760446-0456
From: LIMA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761283/aaaacujv.tel
Line Count: 126
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION ARA
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: BoyleJA
Review Comment: n/a
Review Content Flags:
Review Date: 24 MAY 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <24 MAY 2004 by hattaycs>; APPROVED <25 MAY 2004 by BoyleJA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: PERU INAUGURATES MAJOR NEW COPPER MINE - CUAJONE SUMMARY: THE SOUTHERN PERU COPPER CORPORATION (SPCC)
NOVEMBER 25 INAUGURATED ITS CUAJONE COPPER MIN E, R
TAGS: EMIN, EINV, PE, SOUTHERN PERU COPPER CORP
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006